



"Representing America's Local Exchange Carriers"

October 22, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

RE: CC Docket No. 96-45
Federal-State Joint Board on
Universal Service: Establishment of
Rural Task Force

Dear Chairman Hundt:

The National Rural Telecom Association (NRTA), the National Telephone Cooperative Association (NTCA), and the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), and the United States Telephone Association (USTA) take great interest in the establishment of the Rural Task Force (RTF), for the development of a rural, forward-looking economic cost (FLEC) methodology.¹ In its Public Notice, released September 17, 1997, the Joint Board on Universal Service announced the creation of the RTF and requested nominations. However, the notice offered little information regarding the procedures and standards to be followed by the RTF in preparing its final recommendation and report for the Joint Board. Accordingly, the associations believe that several issues must be formally addressed prior to the commencement of the RTF.

The Joint Board's notice has clearly indicated that the RTF's membership will be comprised of a wide array of industry representatives. Indeed, the broad industry representation suggested in the Public Notice reveals that rural interests may, in fact, be a minority on the "Rural" Task Force. The diversity of the group will no doubt produce a variety of opinions regarding the proper cost methodology for rural telephone companies. Therefore, the Joint Board must clarify that the RTF process will allow for the expression

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¹ Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report and Order*, 62 F.R. 32862 (rel. May 8, 1997) (Universal Service Order).

October 22, 1997

Page Two

of dissenting opinions. To best provide the Joint Board with complete information, members of the RTF must be allowed to prepare a minority view report in instances where a consensus cannot be reached. Further, it must be clarified that these minority views will be filed as part of the final report and recommendation to the Joint Board.

We also ask that the Joint Board set forth procedures for participation by parties other than those named to the Task Force, explaining how non-members will be apprised of the work of the task force and how comments and suggestions will be accepted as the work progresses.

Experience with the non-rural FLEC mechanism proceeding has shown that the process of selecting a FLEC model is extremely complex and time consuming. The associations are concerned with the limited schedule proposed in the Joint Board's notice that suggests a formal recommendation for a rural FLEC mechanism may be made by mid-1998 and after as few as three formal RTF meetings. The Joint Board must ensure that the cost methodology selection process is carried out in a manner that is both sufficiently thorough and cost effective.

The associations also note with concern that the Joint Board expects the RTF to file its final report and recommendation by June 15, long before the forward-looking cost proceeding for non-rural carriers will be completed. According to the Commission's Universal Service Order, the Commission does not plan to adopt a non-rural forward-looking cost model before August, 1998.² Clearly, if the Joint Board and the Commission expect the RTF to merely revise a previously adopted cost model, the RTF cannot be expected to submit a final report before the non-rural proceeding is completed. In order to fulfill its mission, the RTF must be permitted time to determine a proper cost methodology for rural carriers. The Joint Board and the Commission should not expect the RTF to merely massage the inputs of a preselected non-rural model so that it may be applied to rural companies. Moreover, while the task force should concentrate on this development of a rural mechanism -- rather than simply tweaking the inputs for the chosen non-rural proxy model -- the final decision must not be made in a vacuum, without consideration of the impact of interrelated changes in access and separations.

October 22, 1997

Page Three

Finally, the Joint Board's notice did not make clear whether or not the Federal Advisory Committee Act applies to the establishment of the RTF. The associations urge the Joint Board to clarify how the Act applies and also whether the Act's procedures will be followed regardless. We appreciate your consideration of these matters. Please contact any of us if you have questions, as we are available to discuss this further with the Joint Board, the Commission, or other interested parties.

Sincerely,

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